

Members

Sen. James Merritt, Chairperson
Sen. Thomas Weatherwax
Sen. Samuel Smith
Sen. Rose Antich
Rep. Robert Bischoff
Rep. Markt Lytle
Rep. James Buck
Rep. William Friend
David Butterfield
Norm Blankenship
Robert Plantenga
Richard Jones
William Goffinett
James Murphy



LOCAL GOVERNMENT FINANCE STUDY COMMISSION

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Authority: P.L. 242-1997

MEETING MINUTES¹

Meeting Date: October 3, 2001
Meeting Time: 1:30 P.M.
Meeting Place: State House, 200 W. Washington St.,
Room 233
Meeting City: Indianapolis, Indiana
Meeting Number: 1

Members Present: Sen. James Merritt, Chairperson; Rep. Robert Bischoff; Rep. James Buck; Norm Blankenship; Robert Plantenga; Richard Jones; William Goffinett; James Murphy.

Members Absent: Sen. Thomas Weatherwax; Sen. Samuel Smith; Sen. Rose Antich; Rep. Markt Lytle; Rep. William Friend; David Butterfield.

Sen. James Merritt called the meeting to order at approximately 1:30 p.m. The agenda for the first meeting contained two topics: the State Board of Tax Commissioners and insurance coverage for volunteer firefighters.

I. State Board of Tax Commissioners

Sen. Merritt presented Mr. Jon Laramore, Chairman of the State Board of Tax

¹ Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

Commissioners. Mr. Laramore appeared before the Commission to update the members on the progress of the general reassessment of real property that is now underway and required to be completed before March 1, 2002.

According to Mr. Laramore, a survey of the state's 92 counties indicates that most counties are on schedule and should be finished near the deadline. Mr. Laramore stated that land valuation and data collection are well underway. Mr. Laramore noted that the most effort needs to be applied to getting computer systems up and going across the state. As most counties have selected their vendors, this is a matter of getting vendors from one county to another for installation and testing.

Mr. Laramore also highlighted a recent change to the structure of the State Board of Tax Commissioners. Effective January 1, 2002, the agency will be divided into two new agencies: the Department of Local Government Finance and the Indiana Board of Tax Review. The Department of Local Government Finance will be responsible for nearly all of the duties currently performed by the State Board of Tax Commissioners. The Indiana Board of Tax Review will assume only the Tax Board's duty to process individual property tax appeals. Mr. Laramore stressed that the key point to this change is that the property tax system will now allow the Indiana Board of Tax Review to conduct an independent review of an appealed assessment.

Mr. Laramore also addressed anticipated increases in the property tax bills of residential homeowners. The increases are attributable to the increased role of market values in the current general reassessment. The increases anticipated by the State Board of Tax Commissioners are set forth in Exhibit A.

After concluding his remarks, Mr. Laramore answered questions from the members of the Commission. Rep. Buck asked Mr. Laramore to elaborate on the role of market values in the reassessment. Mr. Laramore replied that market value is used if there is a market for the property. He added that some properties such as large industrial facilities do not have a market. In that instance, the Tax Board's rules require assessors to use a replacement cost minus depreciation approach to assessing the property.

Rep. Bischoff asked when property owners can expect to receive the statement of the reassessment of their property. Mr. Laramore stated that the deadline is March 1, but noted that historically few counties have completed a reassessment by that date. Mr. Laramore said that most counties have required a couple of additional months to get the statements out to the property owners.

When asked by Rep. Bischoff whether a failure to comply with the March 1 deadline could impact the 2002 elections, Mr. Laramore declined to speculate. However, he then added that there is a budget impact for local governments. Gross assessed values must be certified by August 1 or local governments will face losing some of their property tax replacement credit money.

Rep. Bischoff then asked if the general reassessment can be completed by August 1. Mr. Laramore replied that most counties will be finished in a reasonably timely way that will permit an orderly budget making process.

II. Insurance Coverage for Volunteer Firefighters

Volunteer firefighters are reporting a problem obtaining automobile insurance coverage for the personal vehicles used by volunteer firefighters to respond to emergencies.

Ms. Shokrina Radpour Beering, representing the Indiana Volunteer Fireman's Association

(IVFA), noted that very few units of local government are able to provide automobile insurance for the members of their volunteer fire departments. She then described two approaches used by insurance carriers to deny claims under a firefighter's personal policy. One is to deny coverage citing the emergency response in a personal vehicle as a business use. The other is to specifically exclude coverage for property damage or personal injury occurring while using the vehicle in fire fighting activity.

The president of the IVFA, Mr. Jack Kearney, noted that the association has over 17,000 members. Mr. Kearney stated that most volunteer fire departments could not afford to provide the coverage for the members and described some of the budgetary hardships facing many departments across the state.

Mr. Steve Buschmann, representing the Indiana Township Association, requested the Commission to refrain from recommending legislation requiring townships to provide the coverage in umbrella policies. Mr. Buschmann reported that in most cases townships contract with independent volunteer fire companies to provide fire protection and do not exercise any control over the volunteer fire departments. Mr. Buschmann suggested that it would be better to approach the problem by dealing with the individual policies of volunteer firefighters or by enabling the volunteer fire departments to provide the coverage.

A number of speakers then rose to suggest that despite the concerns of the IVFA, there are no barriers to obtaining coverage for accidents occurring while a volunteer firefighter responds to an emergency.

Mr. Jim Downing, an insurance agent from Kokomo, suggested that the Department of Insurance had long ago issued an order prohibiting carriers from discriminating against volunteer firefighters. In addition, he suggested that when departments insure department vehicles additional coverage for personal vehicles is widely available and inexpensive.

Mr. Bruce Lidstrom, Indiana Farmers, noted that his company has 275 agents using industry wide contracts that have no exclusions for volunteer firefighters. Mr. Bernard Trusty, State Farm, added that his company does not impose such an exclusion either and that the company would pay a claim arising from a volunteer firefighter's use of his personal vehicle while responding to an emergency. Mr. Mike Chrysler, representing the Insurance Institute of Indiana, added that the Institute would investigate the reports of denied coverage provided by the IVFA with the hope that they would turn out to be isolated incidents.

Mr. Robert Spolyar, representing State Farm, indicated that he was unaware of an order from the Department of Insurance or a statute on point. He then cautioned the Commission to be careful about legislation affecting the business use exclusion. He added that the small stipends sometimes paid to volunteer firefighters may create a business relationship between the department and the firefighter.

The last point was supported by Mr. John Shanks who suggested that allowances for cars or clothing could be construed as payment for a firefighter's service. Mr. Shanks also reported that nonprofit corporations generally are faced with automobile insurance issues. He stated that most purchase additional coverage for their members who use personal vehicles to run errands for the corporation. Mr. Shanks said that he viewed the problem as an education problem rather than a legislative problem.

After instructing Counsel to research the issues raised by the various witnesses, Sen. Merritt adjourned the meeting at approximately 3:15 p.m.